

COUNTRY REPORT



Indonesia

Wages and Labour Rights in the Palm Oil Sector

WageIndicator Foundation · IPOWU · Mondiaal FNV

May 2026

550workers interviewed
Round 1 · 17 companies**61**workers interviewed
Round 2 · 4 plantations**4**CBAs collected and
analysed**27**Key Informant
Interviews

This report presents worker-level evidence on wages and labour rights in the palm oil sector in Indonesia, based on two rounds of data collection in 2025 and 2026. Round 1 covered a broader group of plantation and mill workers, while Round 2 focused on plantation workers in harvesting and maintenance roles.

The report examines wage levels, minimum wage and living wage estimate gaps, target-based pay, wage theft, CBA coverage, and gender inequalities. It is intended as a practical evidence base for IPOWU-affiliated trade unions in negotiations, advocacy, and engagement with companies and policymakers. The report aims to answer the below five research questions:

Five Research Questions

RQ1 What are the wage levels across different groups and contracts?**RQ2** How are wages calculated, and are targets reasonable and transparent?**RQ3** To what extent are Collective Bargaining Agreements implemented?**RQ4** Is there evidence of wage theft or unpaid overtime?**RQ5** What is the size and structure of gender pay gaps and other inequalities?

Table of contents

1. Introduction	2
2. Sector Context and Industrial Relations	4
3. Legal and Regulatory Framework	5
4. Methodology	8
5. Wage Levels Across Worker Groups and Contracts	10
6. Compliance with Minimum Wage and Living Wage estimates	12
7. Wage Calculation: Transparency, Targets, and Working Conditions	14
8. Collective Bargaining Agreements: Coverage and Implementation	17
9. Wage Theft and Unpaid Overtime	19
10. Gender Pay Gaps and Structural Inequalities	21
11. Recommendations for Trade Unions	23

A report made by WageIndicator Foundation



in partnership with the International Palm Oil Workers United (IPOWU) network and with support from Mondiaal FNV





1. Introduction

Palm oil is one of the most traded agricultural commodities in the world, and Indonesia is at the centre of it, producing more palm oil than any other country on earth.¹ Behind that production are hundreds of thousands of workers on plantations and in mills, many of whom earn wages that fall below the legal minimum, let alone a level sufficient for a decent standard of living for themselves and their families. Despite years of advocacy and the presence of trade unions across the sector, the gap between what workers are paid and what they need to cover basic needs remains large and persistent. Closing that gap requires evidence, including specific, worker-level data on what wages are actually paid, how they are calculated, what is taken away through deductions and unpaid overtime, and how men and women working in the sector experience these conditions differently.

This report is produced for the trade unions affiliated with the International Palm Oil Workers United (IPOWU) network in Indonesia. The research was commissioned by IPOWU and implemented by the WageIndicator Foundation, with funding from Mondiaal FNV. It is one of three country reports produced simultaneously for Indonesia, Ghana, and Colombia, the three countries where IPOWU organises palm oil workers.

In comparison to results from Ghana and Colombia, the report on Indonesia reveals patterns that occur across borders: the same pressure of output targets, the same gap between minimum wage and living wage, and the gendered occupational segregation that shapes wage outcomes, though the direction and structure of the gender wage gap differs by country. That cross-country picture matters for international advocacy. But this report is first and foremost a tool for Indonesian unions to use in negotiations at the plantation, company, and regional level.

The findings in this report are based on surveys with 550 workers across plantations and mills in Kalimantan and Sumatra, supplemented by a second round of more targeted interviews with 61 plantation workers, a desk review of laws and regulations and analysis of collective bargaining agreements (CBAs). The data is not a representative sample of Indonesia's vast palm oil workforce, but it reflects the plantations where IPOWU-affiliated unions have members. What it provides is concrete, verifiable evidence of structural problems:

- Vast non-compliance with applicable minimum wages;
- Unpaid overtime;
- Findings of opaque target systems; and
- Wage inadequacy that persists even where formal employment arrangements are in place.

The evidence from this study can be used in CBA negotiations, in complaints to the Ministry of Manpower, in engagement with RSPO-certified companies, and in advocacy for higher regional minimum wages and better compliance with these newly set wages.

¹Palm Oil Production, USDA. 2026. [URL](#)



2. Sector Context and Industrial Relations

Indonesia is the world's largest producer and exporter of palm oil, with an estimated 13–14 million hectares under cultivation and annual output exceeding 45 million tonnes of crude palm oil.¹ Production is concentrated on the islands of Sumatra and Kalimantan, which have favourable climatic and soil conditions for oil palm. The sector contributes approximately 2.5% of national GDP and supports the livelihoods of millions of workers and smallholders.²

Plantation ownership is dominated by large private plantations (55% of the covered area for plantations is owned by private companies and is largely concentrated in Kalimantan), followed by smallholder plantations (41%, mostly in Riau, Sumatra), and state-owned plantations (approximately 4%, mainly in North Sumatra).³ The state-owned holding company PT Perkebunan Nusantara (PTPN) manages 733,378 hectares and 14 palm oil mills by the end of 2023.⁴ Of the 17 companies studied in the research, the majority are RSPO-certified (14 out of 17).⁵

Workers' rights to organise are protected under Law No. 13 of 2003, Law No. 21 of 2000, and ILO Conventions 87 and 98.⁶ As of May 2024, there were 21 confederations, 198 federations, and 12,346 company-level unions, with more than 4.2 million members. However, union density is only approximately 3% of the working population, down from 18% over the past decade.^{7,8} Multiple unions within a single company are common, a situation companies have been documented to exploit to undermine genuine collective bargaining by supporting more controllable unions.

The International Palm Oil Workers United (IPOWU) network, established in 2022 and involving unions from Indonesia, Colombia, Ghana, and the Netherlands (FNV/Mondiaal FNV), aims to provide a platform for joint strategies to improve working conditions across borders.

² FACT SHEET: PALM AND THE SDGS IN INDONESIA, Indonesia Palm Oil. [URL](#)

³ Indonesian Palm Oil Statistics, Central Statistics Agency (BPS), 2021. [URL](#)

⁴ Perkebunan Nusantara, [URL](#)

⁵ Certified Companies, RSPO, [URL](#)

⁶ Ratifications for Indonesia, ILO, [URL](#)

⁷ ILO, 2016, [URL](#)

⁸ Trade Union Advisory Committee to the OECD, 2025, [URL](#)



3. Legal and Regulatory Framework

Indonesia's wage-setting framework is based on the Manpower Law (Law No. 13/2003), amended by the Job Creation Law (Law No. 6/2023 — Omnibus Law)⁹ and implementing regulations including Government Regulation 36/2021 on Wages¹⁰ and GR 51/2023¹¹ on Minimum Wage calculations. The Manpower Law and its implementing regulations establish that hourly wages can only be applied to part-time workers, calculated as monthly wage divided by 126. For workers with more than one year of service, wages are guided by wage scales or determined through bipartite negotiation between employer, workers, and their union. The minimum wage is therefore not the intended reference point for experienced workers. A 2024 Constitutional Court ruling further strengthened this framework by ruling that wages must meet the Decent Standard of Living (KHL) criteria, that minimum wage setting must include regional wage councils with meaningful labour union participation, and that sectoral minimum wages must be reinstated.¹² The minimum wage is set annually at provincial and district levels, accounting for inflation, economic growth, and labour productivity. As of 2026, there are 870 sectoral minimum wages set across Indonesia, and the sectoral minimum wage must be higher than the local provincial minimum.¹³

The standard work week is set at 40 hours. Overtime is capped at 4 hours per day and 18 hours per week (increased from 14 hours under the 2021 Job Creation Act). Overtime pay equals 1.5 times the regular wage for the first hour and 2 times for each additional hour. Work on rest days or public holidays is compensated at 200–400% of the normal hourly rate.

Article 88A of Law No. 6/2023 establishes the principle of equal pay for work of equal value. Indonesia has ratified ILO Convention C.100 (equal remuneration) but has not ratified key wage-related conventions C.26, C.95, C.99, or C.131.¹⁴ Indonesia is the only country among the three countries studied that has not ratified any of the four directly relevant ILO wage conventions (C.26, C.95, C.99, or C.131).

According to the WageIndicator Labour Rights Index (2024), Indonesia scores 60 out of 100 on Fair Wages and 60 on Decent Working Hours.¹⁵ The zero score on Trade Union Rights reflects that, while Freedom of Association conventions are ratified, national legislation does not sufficiently translate those commitments into enforceable trade union protections. The zero score on night work compensation reflects the absence of a statutory requirement to pay additional compensation or reduce working hours for night work. Since the Labour Rights Index is a de jure index, it scores countries on legal protection but cannot verify whether these countries actually implement the laws that are on paper in practice.

The ISPO (Indonesian Sustainable Palm Oil) certification scheme is mandatory for all palm oil companies in Indonesia under Ministry of Agriculture Regulation No. 33 of 2025. For

⁹ Major Changes to Indonesian Labour Law, AH&P Indonesia, 24 Nov 2024. [URL](#)

¹⁰ Government Regulation No. 36/2021 on Wages (Minimum Wages), One Asia Lawyer, 17 Jan 2024. [URL](#)

¹¹ Government Regulation No. 36/2021 on Wages. [URL](#)

¹² Key Developments 2026, Paul Hasting, 02 Feb 2024. [URL](#)

¹³ New Minimum Wages in Indonesia in 2026, WageIndicator Foundation, 2026. [URL](#)

¹⁴ Ratifications for Indonesia, ILO. [URL](#)

¹⁵ Labour Rights Index, WageIndicator Foundation. [URL](#)

some international buyers and export-oriented supply chains, RSPO certification may be commercially important. RSPO's 2024 Principles and Criteria include Indicator 6.3.1 (living wage paid progressively) and 6.2.7 (piece-rate wages not less than the legal minimum).¹⁶

The Job Creation Act (Omnibus Law) has raised concerns among trade unions and labour-rights organisations about worker protections. Changes in this law that directly hamper trade union organising and collective bargaining power as well as protect workers rights include:

- Fixed-term contracts extendable up to 5 years with no limitation on number of extensions (previously 3 years with one extension);
- More relaxed termination procedures;
- Outsourcing is no longer limited to non-core business tasks;
- Tight controls on % of workers that needs to be part of a trade union before collective bargaining can take place; and
- Reduced severance pay.

Key legal figures at a glance^{17 18 19}

Element	Provision
Minimum wage	Set annually by province and district (870 rates in 2026)
Average minimum wage (sampled)	IDR 20,036 per hour
Living wage lower bound²⁰	IDR 22,841–24,048 per hour
Living wage (caloric adj.)²¹	IDR 26,016–27,514 per hour
Standard work week	40 hours
Overtime cap	4 hours/day, 18 hours/week
Overtime rate (first hour)	150% of regular wage
Overtime rate (subsequent)	200% of regular wage
Rest/public holiday work	200–400% of regular rate

¹⁶ 2024 Principles & Criteria, RSPO, 2024. [URL](#)

¹⁷ New Minimum Wages in Indonesia in 2026, WageIndicator Foundation, 2026. [URL](#)

¹⁸ Understanding and Adhering to Indonesia's Overtime Pay Provisions, Adco Law. 21 Mar 2024. [URL](#)

¹⁹ Government Regulation No. 35 of 2021 on Non-Permanent Work Agreement, Outsourcing, Working Time and Rest Time, and Termination, Republic of Indonesia. [URL](#)

²⁰ WageIndicator calculates Living Wages in a range. The lower bound Living Wage is calculated using prices at the 25th percentile of all prices collected, while the higher bound uses the 50th percentile (or median) figure. This reflects price variation in a region. The lower bound uses the 25th percentile, meaning only 25% of collected prices are cheaper than this amount. The higher bound uses the 50th percentile (the median), representing the exact middle of the market where half of the prices are cheaper and half are more expensive.

²¹ The caloric adjustment is an indicative adjustment to the food component of the WageIndicator Living Wage estimate, reflecting the higher energy needs of sustained, physically demanding plantation and mill work. It uses 2,100 kcal/day as the standard adult baseline and applies a heavy-labour assumption of approximately 2,850 kcal/day on average across high and low seasons. This should be read as a sensitivity analysis for heavy physical work, not as a separate official WageIndicator Living Wage estimate.

ILO Convention Ratifications²²

Convention	Subject	Indonesia
C.26 (1928)	Minimum Wage-Fixing Machinery	× Not ratified
C.95 (1949)	Protection of Wages	× Not ratified
C.99 (1951)	Minimum Wage Fixing – Agriculture	× Not ratified
C.100 (1951)	Equal Remuneration	✓ Ratified
C.131 (1970)	Minimum Wage Fixing	× Not ratified

WageIndicator Labour Rights Index (2024)²³

Indicator	Score (0–100)
Fair Wages	60
Decent Working Hours	60
Trade Union Rights	0 — lowest of 3 countries
Night Work Compensation	0 — no statutory requirement
Employment Security	80
Fair Treatment & Safe Work	100
Family Responsibilities	25
Maternity at Work	40

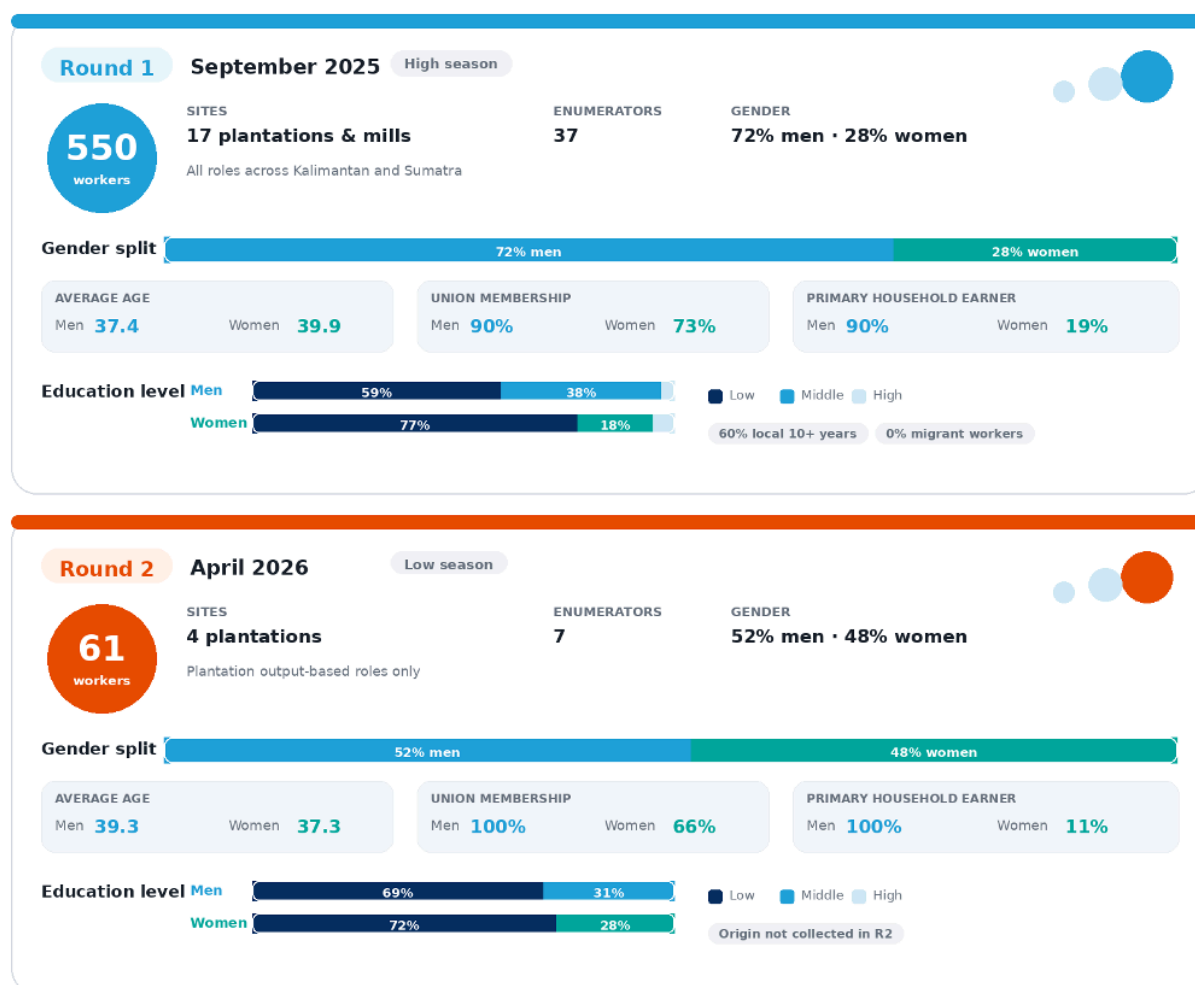
²² Ratifications for Indonesia, ILO. [URL](#)

²³ Labour Rights Index, WageIndicator Foundation. [URL](#) Since the Labour Rights Index is a de jure index, it scores countries on legal protection but cannot verify whether these countries actually implement the laws that are on paper in practice.



4. Methodology

The study applied a mixed-methods approach combining two rounds of worker surveys, key informant interviews, CBA analysis, and desk research. Data collection took place in two rounds. Round 1, rolled out between August - September 2025, covered a broader group of plantation and mill workers across job roles, contract types, and genders. Round 2, rolled out between March - April 2026, focused specifically on plantation workers in target-based or output-linked roles, especially harvesting and maintenance, to better understand how targets, workload, and productivity-linked pay affect wages in practice. Data collection was carried out in collaboration with IPOWU-affiliated trade unions. The demographic of the two rounds of data collection are as follows:



The visual above summarises the sample profile for Round 1 and Round 2. The results should not be interpreted as statistically representative of the national palm oil workforce. Worksites and respondents were selected through IPOWU-affiliated union networks and snowball sampling, reflecting the workers and companies that could be reached through the project. Round 1 covered a broader set of workers across plantations and mills, while Round 2 focused specifically on plantation workers in harvesting and maintenance roles. For this reason, Round 1 and Round 2 findings are not directly comparable and are presented separately where relevant. Interviews were conducted face-to-face using KoboToolbox. No names or email addresses were registered. For an extensive overview of this study's methodological choices, the desk review and CBA data collection, we refer to Annex 1 - *Methodological Report & Results - IPOWU*.

Limitations

Several limitations apply to the Indonesian findings. The sample reflects only plantations reachable through the KBS union network and does not allow for systematic comparison across all palm oil producing regions. Since each province sets its own minimum wage, regional differences in wage levels and worker entitlements are not fully captured. The majority of respondents are union members, meaning informal and casual workers - who may face worse conditions - are underrepresented. Finally, all wage data is based on worker self-reporting, next to that the majority of respondents are union members, findings likely present a more biased picture of wages and working conditions than the sector as a whole.

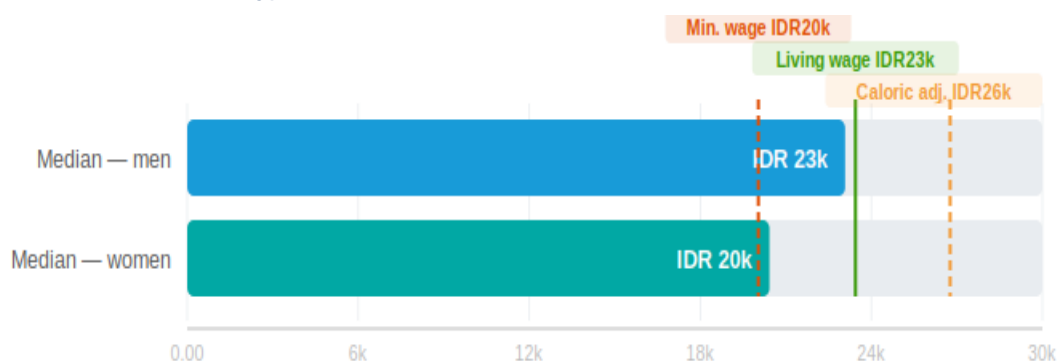


5. Wage Levels Across Worker Groups and Contracts

Key finding: The median hourly wage (IDR 21,400) closely tracks the minimum wage but falls well below the living wage. Indonesia reports the highest non-compliance with the applicable minimum wage of the three countries (38%). Contract type is the strongest structural determinant of wage levels.

All wages were converted to hourly rates, adjusted for seasonal variation (high season: approximately 12 hours/day; low season: approximately 6 hours/day, each approximately 6 months). The WageIndicator Living Wage (Typical Family lower-bound, October 2025) ranged from IDR 22,841.77 to IDR 24,047.86 per hour, depending on province. Living wage estimates adjusted for the higher caloric needs of hard physical agricultural labour ranged from approximately IDR 26,016 to IDR 27,514 per hour. The average regionally applicable statutory minimum wage across sampled locations was approximately IDR 20,036 per hour.

Wage benchmarks (hourly, Round 1)



Average and median wages²⁴: The median hourly wage was IDR 21,400, closely tracking minimum wage levels. The average hourly wage was IDR 66,700, significantly distorted by a small number of very high earners. Median wages are used as the primary indicator of typical earnings.

By gender (median): Women earned a median of IDR 20,426 versus IDR 23,079 for men. Men earned more at the median.

By worksite: Mill workers earned the highest median wage (IDR 23,078) compared to plantation workers (IDR 21,347). This pattern was the same across the sample, suggesting systemic differences in wage setting rather than only extreme values.

By contract type: Permanent workers reported the highest median wage (IDR 22,185), while third-party contractor workers earned a substantially lower median (IDR 7,143), and often reported a wage below the applicable minimum wage. Fixed-term workers reported a

²⁴ The average is the sum of all values divided by the number of values, whereas the median is the exact middle point of all numbers data. While the average can be heavily skewed by a few extremes, the median reflects what the "typical" person earns.

median of IDR 21,400 (approximate). This confirms that contract type is the strongest structural determinant of wage levels in the sample.

The Round 2 survey (61 workers, April 2026) results showed that in Indonesia:

- Male harvesters earned an average wage of approximately IDR 4,420,291 per month when working 40 hours;
- Female maintenance workers earned an average wage of approximately IDR 2,510,000 per month.

The reported gender pay gap was approximately 42%, with occupational segregation identified as the primary driver.

Wage summary table — Round 1²⁵

Measure	Overall	Men	Women
Median hourly wage (net)	IDR 21,400	IDR 23,079	IDR 20,426
Minimum wage (reference) (gross)	IDR 20,036	—	—
Living wage lower bound (gross)	IDR 22,841–24,048	—	—
Living wage (caloric adj.) (gross)	IDR 26,016–27,514	—	—

Contract / Worksite	Median hourly wage	Note
Permanent contract	IDR 22,185	Highest by contract type
Fixed-term contract	IDR 21,400 (approx)	—
Third-party contractor	IDR 7,143	Well below minimum wage
Mills	IDR 23,078	Highest by worksite
Plantations	IDR 21,347	—

²⁵ **Note:** Wage comparisons in this report should be interpreted with caution. Surveyed workers reported wages as received by them, which in most cases refers to net wages after deductions, or 'take-home pay'. These reported net hourly wages are compared with statutory minimum wage and WageIndicator Living Wage estimates, which are gross reference levels. This means the comparison may overstate the gap between reported wages and the reference levels. However, the comparison remains useful as an indication of workers' actual take-home wages in relation to legally and socially relevant wage thresholds.



6. Compliance with Minimum Wage and Living Wage estimates

Key finding: Only 62% of workers earned at or above the minimum wage, indicating the lowest compliance with the minimum wage of the three countries. Round 2 shows that 86% of female workers earn below the minimum wage. Living wage attainment is limited: only 43% of workers reported this in Round 1, with all female workers earning below the living wage in Round 2.

Compliance with the statutory minimum wage was lower than in Ghana and Colombia. In the Round 1 sample, only 62% of workers reported earning at or above the applicable minimum wage, leaving approximately 38% - nearly two in five - below the legal threshold. Non-compliance was higher among women (42%) than men (37%) and among seasonal and own-account workers, the compliance with the minimum wage was 0%, though sample sizes for these categories were small.

Compliance was lower in plantations (60%) than in mills (68%) or mills within plantations (67%). Workers on permanent contracts showed higher compliance (67%) compared to fixed-term workers (47%) or labour contractor workers (63%).

The Round 2 sample additionally shows that 19% of male workers and 86% of female workers earned below the statutory minimum wage; a significantly higher non-compliance rate for women than found in Round 1, and consistent with the concentration of female workers in Round 2 in maintenance roles where fixed rates more frequently fall below the minimum wage threshold.

Living wage attainment was also limited: approximately 43% of the workers interviewed earned at or above the applicable WageIndicator Living Wage estimate. Men (47%) were more likely to reach the living wage than women (35%). Workers working in mills within plantations showed the highest living wage alignment (60%), followed by workers on plantations (45%) and standalone mills (18%).

The Round 2 survey indicated that approximately 72% of male workers and all female workers earned below the living wage.

Round 1 and Round 2 overview of reported wages:

Group	At or above minimum wage	At or above living wage
Overall (R1)	62% — lowest of 3 countries	43%
Men (R1)	63%	47%
Women (R1)	58%	35%
Mills	68%	—

Group	At or above minimum wage	At or above living wage
Mills within plantations	67%	60%
Plantations	60%	45%
Permanent contracts	67%	—
Fixed-term contracts	47%	—
Third-party contractor	63%	—
Men (R2)	81%	28%
Women (R2)	14% — 86% below minimum wage	0%

Compliance at a glance — Round 1





7. Wage Calculation: Transparency, Targets, and Working Conditions

Scope of this analysis

This section assesses how wages are calculated in practice and how workers experience the transparency, predictability, and consequences of target-based or performance-linked pay systems. It examines whether workers understand how their pay is calculated, whether targets affect their income, whether overtime and waiting time are recorded, and what happens when targets are not met.

Transparency score²⁶: Indonesia scores 8.3 out of 10 on the WageIndicator Transparency and Reasonableness Index, the highest of the three countries. This can be explained by the predominantly time-based monthly payments and relatively lower target dependency than workers in Colombia or Ghana.

Indonesia achieved a Transparency and Reasonableness Index score of 8.3 out of 10. This score reflects the predominance of time-based, monthly wage payments (70% of workers are paid monthly and 43% are paid on a time-unit basis), limited reliance on productivity targets, and general adherence to legal overtime provisions. This score mainly reflects more regular pay cycles and clearer wage calculation practices but it does not mean that overtime is always recorded or paid correctly.

Key informant interviews (N=27) indicated that wage setting is primarily driven by the applicable minimum wage (96.3%), followed by CBAs (74.1%), company regulations (63%), and benchmarking against peer companies (63%). Most companies apply a hierarchical system where statutory floors, collective agreements, and corporate rules layer upon each other.

The Round 2 survey noted that in Indonesia approximately 75% of male workers are paid on a fixed-rate plus target-based rate system, while approximately 79% of female workers receive only a fixed rate. Target dependency is relatively lower in Indonesia than in Colombia and Ghana: male workers' income depends on target rates at 27%, and female workers at 35%.

Measure	Men	Women
Payment cycle (R1)	70% paid monthly	70% paid monthly
Pay structure (R2)	75% fixed rate + target-based	79% fixed rate only
Income dependent on target rates (R2)	27%	35%

²⁶ **Important limitation:** the Transparency Index measures workers' understanding of how wages are calculated. It does not measure whether workers and their representatives have had a meaningful role in setting those wages and targets. For more information about the Transparency and Reasonableness Index, please refer to the methodological report in Annex 1.

Measure	Men	Women
Working hours in employment contract	25–28%	25–28% — lowest of 3 countries
Wages in cash (R2)	0%	34%

Target Setting, Workload, and Working Conditions (Round 2)

Note: The following findings are drawn from Round 2 (N=61, plantation workers only, harvesters and maintenance workers, low season, April 2026). They are not directly comparable to Round 1 findings given the different sample scope and season.

In the Round 2 sample, the average daily harvesting target in high season was 1,092 kg per day for male workers. Female harvesters were not present in sufficient numbers in the Round 2 sample to report separately. For maintenance work, Indonesian daily workload targets were two to three times higher than in Colombia and Ghana: 2.6 hectares per day for spraying, 2.5 hectares for fertiliser application, 3.0 hectares for pollinating, and 2.3 hectares for pruning, compared to 1.0 hectare for almost all activities in both Colombia and Ghana.

Despite relatively high targets, Indonesian workers reported relatively higher target achievement than the other two countries: 56% reach the target every day, 25% almost every day, and only 13% never reach the target.

Targets are important in Indonesia but penalties for non-attainment are less severe than in Colombia. From the survey findings, wages are reduced for 81% of harvesters when targets are not met in high season, though this figure drops significantly for maintenance workers (23%).

In the low season, 96% of harvesters report that their area has increased, while 19% report reduced pay. Notably, 91% of female maintenance workers in Indonesia report no changes to their workload in the low season.

Approximately half of all workers in Indonesia work under high pressure all day during high season (46% of harvesters, 63% of maintenance workers). Nearly all workers (100% of both men and women) describe their work as physically heavy and unhealthy. Mental exhaustion is reported by 100% of both genders. Approximately half of workers report uncertain job security (53% men, 52% women). Nine in ten workers find their job boring (93–94%).

In Indonesia, 16% of male workers indicated that they receive support from family members during high season, and 24% of female workers indicated the same. Of those supported by family members, 45% of male workers and 100% of female workers report that these supporters are not paid at all. This unpaid family labour contribution is not captured in official wage figures and represents an unrecorded subsidy to plantation productivity. Only 25–28% of Indonesian workers have their working hours formally agreed in their employment contract.

In Round 2, all male workers received wages by bank transfer, while 34% of female workers received wages in cash. Cash payment makes deductions harder to verify, reduces the paper trail available for disputes, and increases female workers' vulnerability to underpayment that goes unrecorded. Unions should treat bank payment for all workers as a non-negotiable CBA provision.

Indicator	Harvesters	Maintenance
Daily target (high season)	1,092 kg/day	2.3–3.0 ha/day — 2–3x higher than Colombia/Ghana
Reach target every day	56%	—
Wages reduced when target not met	81% (high season)	23%
Low season: area increased	96%	—
Low season: pay reduced	19%	—
Work under high pressure all day	46%	63%
Job physically heavy	100%	100%
Job boring	93–94%	93–94% — highest of 3 countries
Uncertain job security	53%	52%



8. Collective Bargaining Agreements: Coverage and Implementation

Coverage: Four CBAs collected for analysis from 17 unionised companies. Two of the four were not negotiated with IPOWU-affiliated unions. 88% of CBA-covered workers confirmed CBA existence. CBA-covered workers showed stronger employment stability but paradoxically lower wage adequacy.

Of all companies in the study sample, the key informant survey indicated all unionised companies had a CBA, but only four CBAs were collected for analysis. Two of those four CBAs were reported by union representatives as not involving their union in negotiations: these CBAs were negotiated between the company and the majority union without IPOWU-affiliated union participation. This reflects the documented practice of companies exploiting fragmented union environments and not always involving all unions in negotiations.

All four CBAs apply to all workers in signing companies, not only to trade union affiliates. Three CBAs are single-company; one is a multi-company CBA covering five companies under one holding.

Wages and bonuses: All four CBAs include wage clauses. Two include pay scale tables. However, neither of these two CBAs provides the actual nominal wage amounts or details the basis for implementation meaning workers covered by these CBAs cannot determine their expected pay scale from the agreement itself. All state that government minimum wages must be respected. Two include structural wage increases and three include a yearly bonus or extra payment in addition to regular wages. Indonesia is the only country among the three countries studied where all collected CBAs explicitly regulate daily working hours in detail.

Notably: one CBA allows wage deductions as punishment for specific violations (e.g., cutting unripe fruit) and another allows proportional deduction for not meeting daily targets. The cross-country CBA analysis confirms this is an isolated provision: this deduction clause was found in only two of all CBAs analysed across all three countries. The specific monetary values for each deduction type are not stated in the CBA itself but are determined through separate circular letters issued by the company meaning workers cannot read their own CBA to understand the financial consequences of the violations listed.

Working hours: All four CBAs set the working week at 40 hours. Three CBAs set 7 working hours per day; one sets 6 hours. One CBA explicitly caps overtime at 18 hours per week. Three CBAs grant a 50% surplus on top of the regular hourly rate for overtime on working days. The cross-country CBA analysis confirms that for Sunday overtime, seven CBAs across the three countries regulate a higher rate reaching 200% of the regular wage; Indonesia's CBAs are among those that reflect this elevated rate structure. All CBAs state that overtime is voluntary and requires employer issuance of an Overtime Order (SPL). However, one CBA excludes morning meetings and travel time from working hour calculations.

Gender provisions: All four CBAs include gender equality clauses and sexual harassment provisions, but none state the principle of equal pay for work of equal value. Two address discrimination.

Benefits and social security: All four CBAs cover social security, pensions, disability, and severance pay. All provide paid maternity leave (13 weeks). All provide employer-supplied protective equipment. Only one includes meal allowances and none include transport allowances.

CBA awareness: From the key informant interviews (N=150) where it was indicated that workers were covered by a CBA, only 88% of them confirmed the existence of CBA, 9% said no CBA existed, and 3% were unaware.

CBA coverage and outcomes: Workers covered by a CBA showed higher employment stability (95% on permanent contracts vs. 68% for non-CBA workers), stronger overtime documentation (81% reporting always correct recording vs. 34%), and clearer procedures. However, wage adequacy was paradoxically lower among CBA workers: 53% earned above the minimum wage, compared to 65% of workers that were not covered by a CBA. Living wage attainment was also lower (33% vs. 46%) among workers that were covered by a CBA. This counter-intuitive finding may reflect sample composition rather than a causal CBA effect.

CBA provisions at a glance

Topic	Provision	Assessment
Wage clauses	All 4 CBAs	Complete
Pay scales (nominal amounts)	0 of 4	▲ Pay scale tables exist but no nominal figures
Daily hours regulated	All 4 CBAs	✓ Only country with full daily hour regulation
Overtime cap (18 hrs/week)	1 of 4	Only CBA in entire 17-CBA dataset with cap
Overtime compensation (50% premium)	3 of 4	Good
Equal pay for equal value	0 of 4	▲ Gap
Sexual harassment	All 4 CBAs	✓ Strong
Paid maternity leave (13 weeks)	All 4 CBAs	✓ Strong
Social security / pensions	All 4 CBAs	✓ Complete
Transport allowance	0 of 4	▲ Gap
Wage deduction clause	1 of 4	▲ One CBA legalises deductions for violations



9. Wage Theft and Unpaid Overtime

Key finding: Indonesia scores approximately 2 out of 7 on the Round 2 Wage Theft Index, in between Ghana (1) and Colombia (4). 56% of workers report that overtime is not always recorded; rising to 69.3% specifically among women. One CBA institutionalises wage deductions as a form of punishment for a number of reasons including not picking ripe fruit or incorrect spraying processes.

To understand to what extent wage theft occurred and unpaid overtime was structural, we looked at several issues, including the prevalence of unpaid overtime, unpaid waiting time, recording of overtime, halting work because of bad weather - and therefore not getting paid - and deductions from pay because of targets.

Outright payroll errors are rare: 96.9% confirmed that their payslip matched their take-home pay and only 1.7% reported underpayment, and 8% indicated that they received their wage too late. However, structural forms of underpayment are documented:

- **Unpaid overtime:** 7.6% of workers did not receive overtime pay; 2.7% were paid at normal rather than legal premium rates. Women (10.5%) and plantation workers (9%) are most affected.
- **Unrecorded working time:** 56% of workers stated overtime hours were not always recorded, rising to 69.3% among women and 62.7% for plantation workers.
- **Unpaid waiting time:** 43.5% of workers were not paid during waiting periods. Unpaid weather-related stoppages affected 40.1%, most pronounced in mills.

Target-based deductions: 29.6% of workers reported deductions for unmet production targets. Out of these workers, 88.3% filed complaints, indicating widespread dissatisfaction with enforcement.

CBA-institutionalised deductions: It is worth noting that one CBA in the sample explicitly institutionalised wage deductions as punishment for violations, effectively legalising a form of wage reduction through collective agreement provisions. Deductible violations listed in the CBA include: cutting unripe fruit; not harvesting ripe fruit bunches or transporting them to the collection point; not picking or transporting loose fruit from the collection point; incorrect recording of fresh fruit and loose fruit quality data; incorrect spraying process; and late submission of palm oil harvesting vehicle documents for renewal.

The Round 2 Wage Theft Index (scale 0–7)²⁷ showed Indonesia scoring approximately 2 out of 7 indicators, with scores varying little by gender or job role which suggests broad distribution rather than concentrated forms of underpayment.

Other results from the Round 2 data shows that average deduction amounts for workers who experienced unauthorized deductions in Indonesia was IDR 171,428 per incident (standard deviation IDR 34,415, N=14). The most commonly cited reasons were BPJS health and employment deductions and wage deductions due to illness, particularly for daily labourers (BHL). In Round 2, 41% of male workers and 14% of female workers reported

²⁷ For more information, please see Annex 1.

unauthorized deductions. This number was notably higher for men, which is a consistent finding with male workers' greater concentration in output-based roles.

Indicator	Overall	Women	Plantations
Payroll late	8%	—	—
Unpaid overtime	7.6%	10.5%	9%
Overtime hours not recorded	56%	69.3%	62.7%
Unpaid waiting time	43.5%	—	—
Unpaid bad weather stoppages	40.1%	—	Pronounced in mills
Target deductions (R1)	29.6%	—	—
Unauthorised deductions (R2)	41% men / 14% women	—	—

Wage theft in palm oil plantations rarely takes the form of a single visible act. More often it accumulates through a series of practices: overtime hours that go unrecorded and therefore unpaid; waiting time or weather stoppages where workers are present but not counted as working hours; deductions applied for unmet targets, sometimes without a clear basis in the employment contract or CBA; and wages paid in cash, making disputes harder to document. Each individual instance may seem minor or ambiguous — but the combined effect is a systematic reduction of actual take-home pay below what workers are legally entitled to.



10. Gender Pay Gaps and Structural Inequalities

Key finding: Women earn less at the median (IDR 20,426 vs IDR 23,079). Round 2 confirms a 42% gap driven by occupational segregation. Only 11% of female workers are the primary household earner.

Women represent approximately 28% of surveyed workers in the Round 1 sample and approximately 31.5% of the total reported workforce across sampled companies. The workforce is significantly male-dominated.

Men's median wages exceed women's (IDR 23,079 vs. IDR 20,426) reflecting occupational gender concentration. Minimum wage non-compliance is higher among women (42%) than men (37%). Women are also more likely to experience unpaid overtime (10.5% vs. lower male rates) and have their overtime hours unrecorded (69.3% vs. 56% overall).

The Round 2 findings (April 2026) confirm a 42% gender pay gap (men earning on average approximately IDR 4,317,737 versus women IDR 2,510,000 per month), attributable to occupational segregation: harvester roles (higher-paid) are exclusively male in the Indonesia sample whereas women are concentrated in maintenance roles that have a lower average earning.

Additionally, Round 2 data reveals that male workers in Indonesia are the primary household earners in 100% of cases, while only 11% of female workers indicated that they are. This is the most extreme gender gap on this indicator across either round or country. This may affect household bargaining dynamics, but the survey does not directly measure individual bargaining power. The significant unpaid family support (as described above) further erodes the accuracy of wage figures as a measure of household income from plantation work.

Round 2 figures are included as indicative findings from a smaller, targeted plantation-only sample and should not be read as directly comparable to Round 1.

Measure	Men	Women	Note
Median hourly wage (R1)	IDR 23,079	IDR 20,426	Men higher at median
Minimum wage compliance (R1)	63%	58%	Women lower
Minimum wage compliance (R2)	81%	14%	86% of women below MW in R2
Living wage attainment (R1)	47%	35%	—
Unpaid overtime	Lower rate	10.5%	Women more exposed
Overtime unrecorded	56% overall	69.3%	Women more exposed

Measure	Men	Women	Note
Primary household earner	100% (R2)	11% (R2)	Most extreme gap of 3 countries
Gender pay gap (R2)	42%	IDR 4.3m vs IDR 2.5m/month	Occupational segregation as driver

Minimum wage compliance by gender

Men: 63%



Women: 58% (R1) · only 14% in Round 2





11. Recommendations for Trade Unions

The following recommendations are derived directly from the research findings and are addressed to IPOWU-affiliated trade unions in Indonesia.

1. Address minimum wage non-compliance.

Since 38% of interviewed workers earn below the applicable statutory minimum wage, and this number is even higher for women workers, trade unions should use the location-specific data from this research as the basis for direct enforcement complaints and for negotiating higher wage floors in CBAs, including in regional wage council advocacy.

2. Use the living wage gap as an advocacy tool.

Even where workers earn at or above the minimum wage, most fall significantly below a living wage. Round 2 data shows that approximately 72% of male workers and all female workers fall below the living wage even within RSPO-certified companies. Unions should use this in regional wage council advocacy and push companies - particularly the 14 RSPO-certified companies in this study - to meet their progressive living wage commitments. Round 2 additionally shows that all female workers receiving support during high season report that their supporters are not paid. Unions should push for this unpaid household labour to be factored into company living wage assessments.

3. Challenge CBA clauses that institutionalise wage deductions.

The research shows that at least one CBA in the sample contains a provision that legalises wage reductions through deductions from pay for unmet targets, which can be considered as a form of structural wage theft. Unions should seek to remove such clauses in the next CBA revision cycle and ensure other negotiations do not take these clauses as inspiration.

4. Improve overtime recording and working hour documentation.

Over half of all workers, and nearly 70% of women, reported that overtime hours are not always recorded, representing a significant potential loss of income. Unions should negotiate explicit overtime recording requirements, including written confirmation to workers, in all CBAs. Additionally, only 25–28% of workers have working hours formally agreed in their employment contract. Unions should make this a standard demand alongside CBA negotiations, as without it workers have no individual legal basis to challenge unpaid overtime.

5. Address fragmentation caused by competing unions.

The documented practice of companies supporting 'controllable' unions to gain negotiating advantage needs to be challenged. IPOWU can support affiliates by sharing evidence of this practice and providing strategies for maintaining broad membership bases and improving organising and strengthening collaboration among trade unions.

6. Prioritise the situation of third-party contracted and fixed-term workers.

Contractor workers in this study reported a median wage of only IDR 7,143 per hour, which is well below any applicable minimum wage and inadequate to meet basic needs. Given the Omnibus Law's expansion of outsourcing, unions should prioritise organising and representing these workers, whose protection has been weakened by the Job Creation Law.

7. Advocate for pay scale implementation and transparent wage systems.

As of January 2025, only 2.2% of registered companies had reported a wage scale structure to the Ministry of Manpower. Unions should use the mandatory reporting requirement and available administrative sanctions to press for implementation. CBAs should additionally place target reasonableness on the negotiation agenda. Indonesian maintenance workers face daily workload targets two to three times higher than in Colombia and Ghana.

8. Push for bank payment for all workers.

In Round 2, 34% of female workers received wages in cash, making deductions harder to verify and disputes harder to resolve. Unions should include bank payment for all workers as a standard CBA provision.

9. Use this research as a baseline for further qualitative investigation.

Use this research as a baseline for further qualitative investigation. The findings in this report reflect the situation in companies reachable through the KBS network and do not capture the full picture. Informal and casual workers - who are not necessarily union members and may face worse conditions - are underrepresented. Workers' living conditions, housing dependency, debt, and access to services fall outside the scope of this study but are directly relevant to understanding workers' actual bargaining position. Company structures and outsourcing chains were not mapped. The sectoral minimum wage (UMSK) in Kotabaru - potentially the first of its kind in Indonesia - was not covered but warrants specific attention in follow-up research. KBS is well placed to conduct more targeted qualitative work on these gaps, building on the methods and benchmarks established here.

About this report

This is one of three country reports produced by the WageIndicator Foundation for the International Palm Oil Workers United (IPOWU) network, with funding from Mondiaal FNV. The other two country reports cover Ghana and Colombia. Data was collected in 2025–2026 through worker surveys, key informant interviews, and collective bargaining agreement analysis. All findings are based on non-representative samples and should be interpreted as evidence of structural patterns rather than sector-wide statistics.